

Message Text

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64

ACTION EUR-25

INFO OCT-01 ISO-00 ARA-16 SPC-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 MC-02 IO-14 DODE-00 PM-07 H-03 L-03

PA-04 PRS-01 USIA-15 DRC-01 /205 W

----- 012724

P 062302Z MAR 74

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC PRIORITY 2870

INFO AMCONSUL MONTREAL

AMCONSUL TORONTO

UNCLAS OTTAWA 0636

E.O. 11652: N/A

TAGS: ESTC, CU, CA

SUBJECT: CUBAN ASSETS CONTROL AND QUEBEC LOCOMOTIVE SALE

REF: OTTAWA 626

1. MORNING PRESS MARCH 6 GAVE PROMINENT COVERAGE TO GOC STATEMENTS IN HOUSE OF COMMONS QUESTION PERIOD REPORTED REFTEL.

2. TORONTO GLOBE AND MAIL FRONT-PAGED STORY BY WAYNE CHEVELDAY OFF ENTITLED "PM SAYS OTTAWA HAS THE MEANS, WILL MAKE SURE THAT SALE OF LOCOMOTIVES TO CUBA GOES THROUGH." ARTICLE NOTES THAT PROPOSED LEGISLATION (AMENDMENT OF COMINES INVESTIGATION ACT--SEE OTTAWA 570) WOULD ALLOW PROPOSED RESTRICTIVE TRADE PRACTICES COMMISSION TO FORBID A CANADIAN COMPANY'S COMPLIANCE WITH A FOREIGN LAW OR COURT ORDER THAT ADVERSELY AFFECTS CANADA'S FOREIGN TRADE WITHOUT COMPENSATING ADVANTAGES. ARTICLE REPORTS CONSUMER AND CORPORATE AFFAIRS MINISTER GRAY

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AS SAYING THAT PROSECUTION UNDER PROPOSED LAW WOULD

BE DIFFICULT DUE TO PROBLEMS IN SECURING EVIDENCE.
GEOFFREY STEVENS IN HIS MARCH 6 GLOBE AND MAIL COLUMN
ENTITLED "NEEDED: ONE FURTHER STEP" APPLAUDED GOC'S
NEW-FOUND DETERMINATION TO MAKE AN ISSUE OF
MLW-WORTHINGTON CASE AND PUBLICLY OPPOSE EXTRA-TERRITORIAL
APPLICATION OF U.S. LAW.

3. FRONT-PAGE ARTICLE IN MONTREAL GAZETTE ENTITLED "MLW'S
U.S. DIRECTORS ASKED TO QUIT" BY ARTHUR BLAKELY FOCUSED
ON INDUSTRY, TRADE AND COMMERCE MINISTER GILLESPIE'S
PROPOSAL THAT FIRM'S AMERICAN DIRECTORS RESIGN IN ORDER
TO RESOLVE PROBLEM. GAZETTE EDITORIAL PAGE FEATURED
STORY BY HUGH NANGLE ENTITLED "US UNDERMINING CANADIAN
POLICY IN LOCOMOTIVE DEAL". ARTICLE NOTED
MLW-WORTHINGTON CASE INDICATES JUST HOW LITTLE ECONOMIC
SOVEREIGNTY CANADA ENJOYS. IT FURTHER STATES THAT THE
FIRM IS THE SOLE PRODUCER OF DIESEL ELECTRIC LOCOMOTIVES
IN CANADA AND THEREFORE THE ONLY COMPANY WHICH CAN SUPPLY LOCO-
MOTIVES TO LDC'S THROUGH CANADIAN INTERNATIONAL DEVELOPMENT
AGENCY (CIDA) ASSISTANCE PROGRAMS. IN ADDITION TO
THE FIRM'S \$43 MILLION WORTH OF CIDA CONTRACTS FOR AFRICA AND
ASIA, THE CROWN-OWNED EXPORT DEVELOPMENT CORPORATION (EDC) HAS
PROVIDED MORE THAN \$79.2 MILLION SINCE 1961 FOR MLW EXPORT SALES
TO EUROPE, ASIA, AND SOUTH AMERICA, ACCORDING TO NANGLE'S
ARTICLE. THE COMPANY IS ALSO REPORTED
TO BE ASSOCIATED WITH THE CANADIAN COMMERCIAL
CORPORATION IN \$1.7 MILLION DEAL WITH JAMAICA. THE
ARTICLE CONCLUDES THAT THE GOC SHOULD TAKE OVER THE
FIRM IF THE SALE IS LOST BECAUSE OF U.S. NON-APPROVAL.
ARTICLE STATES SUCH ACTION WOULD BE JUSTIFIED BY U.S.
INTERFERENCE IN CANADIAN AFFAIRS AND BECAUSE MLW-WORTHINGTON
IS SO CLOSELY RELATED TO CANADIAN INTERNATIONAL
POLICY THROUGH CIDA, EDC, AND CANADIAN COMMERCIAL
CORPORATION.

COMMENT: CONTRARY TO NANGLE ARTICLE, MLW IS
NOT REPEAT NOT THE SOLE PRODUCER OF DIESEL
ELECTRIC LOCOMOTIVES IN CANADA. GENERAL MOTORS OF
CANADA BUILDS LOCOMOTIVES, AND CANADIAN GENERAL ELECTRIC
AND THE FIRBANKS MORESE DIVISION OF COLT INDUSTRIES
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(CANADA) PRODUCE AT LEAST SUBSTANTIAL COMPONENTS OF
DIESEL ELECTRIC LOCOMOTIVES. NANGLE ARTICLE
DOES, HOWEVER, AMPLIFY CONSERVATIVE OPPOSITION LEADER
STANFIELD'S REFERENCE IN HOUSE OF COMMONS
MARCH 5 (REFTEL) TO "CANADIAN PUBLIC FINANCING ...TO
THE BENEFIT OF THE CANADIAN SUBSIDIARY INVOLVED."

END COMMENT

4. ARTICLES BEING AIRPOUCHED EUR/CAN - BROWN AND
EB/IT/WET - WRIGHT.

5. INDEPENDENT TELEVISION NETWORK CTV LATE EVENING NEWS
BROADCAST MARCH 5 INCLUDED EDITORIAL COMMENT THAT GOC
SHOULD NOT MAKE REPRESENTATIONS TO USG SINCE THIS LENDS
CREDENCE TO IDEA THAT U.S. CAN CONTROL ACTIONS OF A
CANADIAN FIRM.
JOHNSON

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